

November 13, 2006

Kate Whitney
Montana Public Service Commission
1701 Prospect avenue
P.O. Box 202601
Helena, MT 59620-2601

Re: Montana PSC Docket No. D2004.5.84, Inquiry into matters concerning intercarrier compensation.

Dear Ms Whitney,

Please find enclosed the Comments of Frontier Communications to the FCC in CC Docket No. 01-92, In the Matter of Developing a unified Intercarrier Compensation Regime.

Frontier requests that the Commission take notice of Frontier's comments to the FCC for the workshop scheduled for November 17, 2006 and in developing its own reply comments to the FCC.

Specifically, Frontier Recommends that the PSC include a discussion of the following items in its comments:

- 1) End User impacts under any reform plan should be limited. Large increases in the Subscriber line charges are unfair to end user customers and only benefit interexchange carriers.
- 2) Subscriber line charge increases are also anticompetitive as it will require ILEC's to increase rates that competitors will not need to make or suffer substantial revenue losses.
- 3) The problem of "Phantom Traffic" must be resolved as part of or even before other intercarrier compensation reforms are made. The impact of the revenues from this traffic is enormous for many carriers. Correction of this problem will go a long way towards reducing compensation issues for facilities based providers. It will also reduce unfair advantages realized by carriers who are not now paying to use embedded networks.
- 4) It is critical that midsize carriers be treated the same as smaller rural LEC's under any reform plan. Frontier and other midsize companies serve mostly rural areas the same way smaller rural carriers do. However, midsize companies face the loss of large amounts of revenues that will not be replaced under the Missoula plan, as they are for smaller carriers, merely because they serve customers in multiple rural areas.

- 5) Any reform plan should give incumbent carriers the pricing flexibility necessary to recover lost revenues in a revenue neutral manner.
- 6) The transition period included in the Missoula plan is far too short. The length of the transition needs to be long enough to allow ILEC's to adjust their business plans and operations to avoid large end user rate increases.

Thank you for your consideration in this matter.

Sincerely,

Ingo Henningsen
Manager, Government and External Affairs